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School District Charge Policy and Procedure Components

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When parents fail to pay for school meals, both the students and the school district are hurt. Particularly at a time when food and labor costs are escalating, it becomes even more critical to receive payment from families for meals provided while at the same time not generating ill will in the community. School districts are encouraged to have a district-wide policy in place to consistently address this circumstance.

In 2008, SNA surveyed the TrendSETTER panel of 225 school nutrition directors.

Below you will find characteristics of the policies and procedures reported as well as a variety of successful practices that could be incorporated into a district charge policy and procedure document to cover handling unpaid meal charges and lost, stolen, and misused mediums of exchange (i.e., tickets, cards, etc.) for meal payments.

The federal regulations do not give clear direction on how meal charges should be handled or define a process to follow. In FAQs on the USDA website they give some informal recommendations for “full price” students, but make no comment on reduced price students. Whether that non comment means that reduced price students should be treated differently is difficult to discern. The FAQs state the following:

<http://www.fns.usda.gov/cnd/About/faqs.htm#Denial%20of%20meals>:

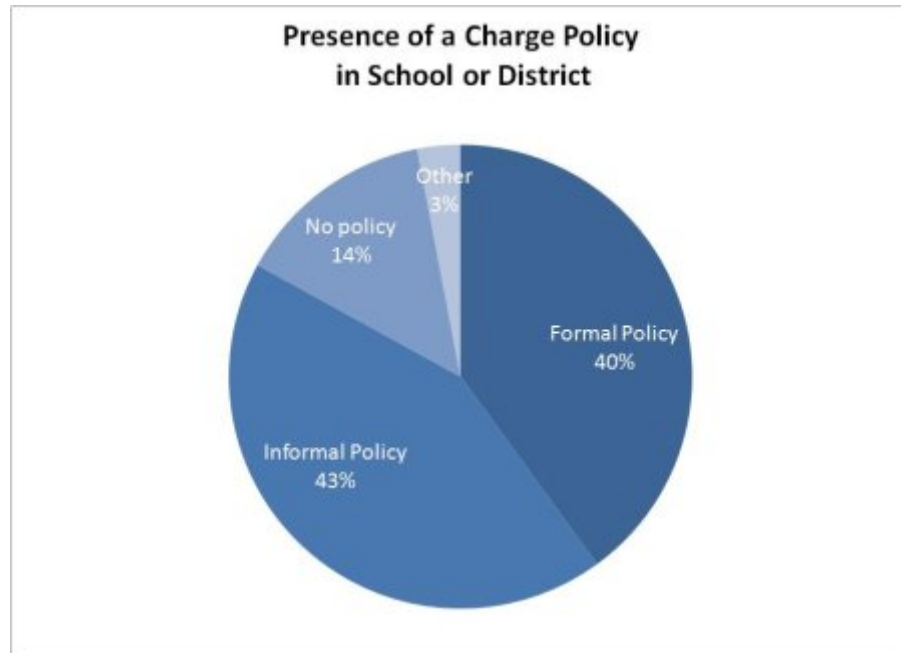
“All full price policies for school meals are matters of local discretion. This includes decisions about whether or not to extend credit to children who forget their meal money or whether or not to provide an alternate meal to such children. Therefore, a school could decide not to provide meals to children who must pay the full price for their meals but do not have the money to do so. In some cases, the PTA or other school organization may establish a fund to pay for children who forget or lose their money. Schools should ensure that parents are fully aware of the policy adopted for children who do not have their meal money.”

“Alternate Meals” are not clearly defined in federal regulations or in most state regulations. The use of alternate meals refers to any meal served to a student that is different from the day’s advertised meal. Alternate meals are most often provided to students who have documented medical meal substitutions, or to those students who have forgotten their meal payment(s) or medium of exchange.

Title 7, *Code of Federal Regulations* (CFR), Part 210.10(a)(1) General nutrition requirements states, “Schools must provide nutritious and well-balanced meals to all the children they serve.”

Presence of a Charge Policy:

The majority of trendSETTERS' districts have either a formal or informal charge policy.



Meal Charges by Grade Level

46% of districts have a different meal charge practice or policy for different grade levels.

Meal charge practices get stricter as grade level increases.

Alternate Meal Policies

Reimbursable Meals

All pricing policies for school meals are matters of local discretion. This includes decisions about whether or not to extend credit to children who forget their meal money or whether or not to provide an alternate meal to such children. Therefore, a school could decide not to provide meals to children who must pay for their meals but do not have the money to do so.

Are schools required to replace meal tickets if they are lost or stolen and how does this apply to computerized systems?

Schools may limit the number of meal tickets (or other media of exchange) they will replace for each child. If a school does elect to establish a limit on replacements for children eligible for free or reduced price meals, it must meet the following requirements. First, each child must be allowed a minimum of three replacements each school year. Secondly, parents and students must be advised in writing at the time of application that the school is adopting this policy. Thirdly, the school must maintain a list of children who have reported lost and stolen tickets and the number of occurrences for each child. Prior to denying a replacement, the list must be checked to see if the child has reached the limit on replacements. Finally, at least one advance warning must be given to the child and his or her parents prior to refusing to replace a ticket.

While we recommend that schools adopt a similar policy for children who pay for their meals, they are not required to do so. However, if the school does not have a uniform policy for all children, it must take care to ensure that needy children are not overtly identified because of the replacements or arrangements.

Schools are encouraged to always provide meals to preprimary and younger primary students or to students with disabilities that may make them unable to take full responsibility for their meals. The school may also, at its option make appropriate alternate meal arrangements, such as accompanying the child through the line, in lieu of actually issuing a meal when the student cannot pay in the case of a reduced price meal or providing a modified meal.

It is important to note that modified meals are not reimbursable and therefore cost to produce may be incurred by schools.

Types of Modified Meals Served:

Programs may serve modified meals to students with negative balances in order to help contain costs. Commonly offered modified meals mentioned by trendSETTERS include:

- Peanut butter and jelly sandwiches (27)
- Cheese sandwiches (18) and
- Peanut butter sandwiches (10)

Additionally a few trendSETTERS provide fruits and/or vegetables to students along with the sandwich. Milk is routinely served as the beverage. Other modified meals mentioned include: Serving reimbursable meal minus the entrée, Granola Bars, Peanut Butter Crackers, Grilled Cheese, Cheese Crackers, Bread & Butter, and Cereal.

Typically these modified meals are served to the student while in line. However a few districts noted alternative procedures of providing the student with the modified meal as a means of making it less embarrassing to the student.

“...Managers print a negative account daily, when a student reaches the [meal charge] limit; a note is put in the teachers’ box for that student to come by the cashier to pick up a sack lunch. The student does not wait in line....”

Successful Practices for Addressing Unpaid Meal Charges

Schools are not obligated to provide meals to children eligible for full or reduced price meals who forget their money and schools may serve these children an alternate meal, reimbursable or not, the following points should be considered:

Evaluate Individual Circumstances

A student’s household may not have completed a meal eligibility application and yet the student repeatedly comes to school without a meal from home or money to participate in the school meal program. In these situations, school officials may want to consider if circumstances in the home (e.g., potential physical, chemical, or emotional/psychological abuse/neglect, homeless) may warrant the school district contacting the district’s social worker or Child Protective Services.

A student's household may not have completed an eligibility application, but the school district is aware that a student is eligible for free or reduced-price meals. In these situations, a school's local official such as a principal may complete an application on behalf of the student. For the specific guidelines and requirements related to such applications, please refer to USDA's Special Issue of the Eligibility Guidance for School Meals Manual at: http://www.fns.usda.gov/cnd/Guidance/special_issue.pdf

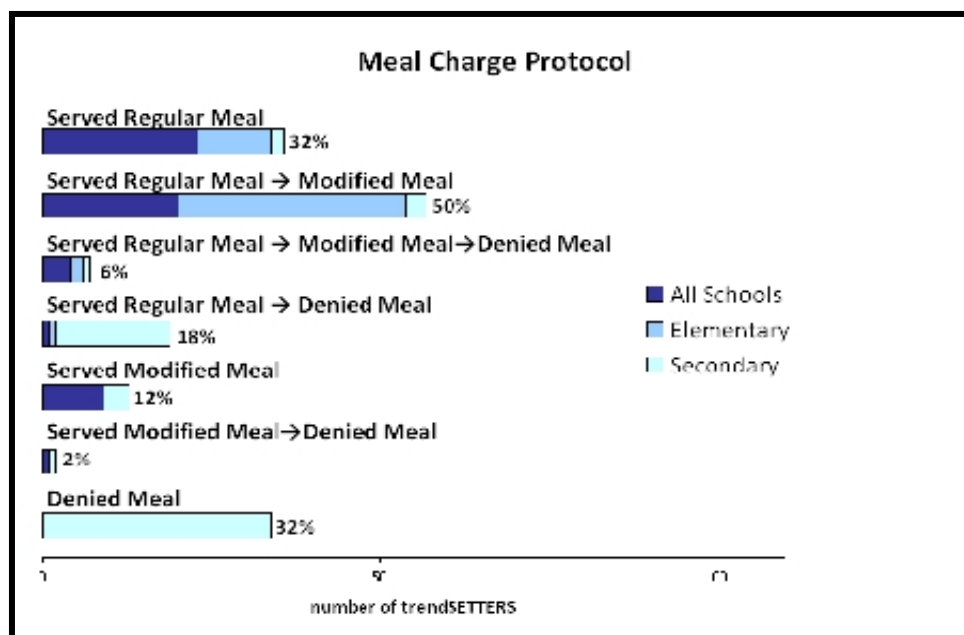
A student's household may make too much money to qualify for reduced-price meals, but appears to be needy in other ways. This is a growing problem given the high cost of living in many cities and specific regions of the country. Having only one set of national income eligibility guidelines for the 48 contiguous states further exacerbates this problem. A family of four in California, for example, can make about \$15,000 more than the federal limit for reduced-price meals and still qualify for certain healthcare benefits and subsidized child care.

Districts may want to consider these factors when setting charge and/or alternate meal policies. Please note that district policies must ensure that federal income eligibility guidelines are followed, and that meals are claimed under the category for which the student is eligible.

Offer Meal Charges and Set School/District Policy

Offering a meal charging policy can reduce the need for alternate meals (for the students in the full-price eligible category). Districts can then ensure children receive a reimbursable meal that is not different from the day's advertised meal. In order to maintain a financially sound school nutrition program, however, it is recommended that districts have defined repayment policies for all meal charges incurred.

Widespread publicity of the charging policy is also necessary to ensure parents understand the limit to the number of meals charged and the actions in place once the limit is exceeded. Letters home, newsletter reminders, announcements, phone calls and other means of communication are encouraged.



Policy Protocol:

trendSETTERS' programs deal with students who do not have money for a meal in different ways. The protocols that are generally followed by school nutrition programs are explained below.

Student Served Regular Meal:

This meal charge practice is when a student is always served the menued reimbursable meal regardless of the number of meal charges.

- This is the most common type of meal charge practice for districts that do not segment charges policies by grade level.
- This is the second most common type of meal charge practice for elementary school whose districts have different practices by grade level.

Student Served Regular Meal then Modified Meal:

This meal charge practice is when a student is served the menued reimbursable meal until a certain meal charge balance is reached. At this point the student is served a modified meal.

- This is the second most common type of district-wide meal charge practices.
- This is the most common type of meal charge practice for elementary schools whose districts have different practices by grade level.

Student Served Regular Meal then Modified Meal then Denied:

This meal charge practice is when a student is served the menued reimbursable meal until a certain meal charge balance is reached. At this point the student is served a modified meal. Finally, after a certain point (either number of meals or unsuccessful contacts with parent), the student is denied any kind of a meal.

- Relatively few districts have this type of meal charge practice

Student Served Regular Meal then Denied:

This meal charge practice is when a student is served the menued reimbursable meal until a certain meal charge balance is reached. At this point the student is denied a meal.

- More common at the secondary level, rarely the practice at the elementary level.

Student Served Modified Meal:

This practice is when no charges are allowed. Instead of receiving a menued meal, the student receives a modified meal.

Student Served Modified Meal then Denied:

This practice is when no charges are allowed. Instead of receiving a menued meal, the student received a modified meal. After a certain point (either number of meals or unsuccessful contacts with parent), the student is denied any kind of meal.

Student Denied Meal:

This practice is when no charges are allowed and no alternative meal is served to a student.

- This practice is only found at the secondary school level.
- No charge/denied meal practice is the most common type of meal charge policy at the secondary school level (for districts that have different policies/practices by grade level).

The following graph illustrates the prevalence of use of each protocol type by school level.

Develop policies regarding charge accounts, alternate meals and guidelines for continually notifying parents of these policies. Developing these policies is in the best interest of all parties involved and can ensure that all students have access to a nutritionally adequate school meal. Districts should, at a minimum:

Inform parents at the beginning of the school year and on an ongoing basis of the local school board's policies for children who do not have their meal payment(s).

Set up a parent notification system for when a student's meal payment account is low and/or when the student has begun charging for their meals. The notification of parents should be done in a way that is consistent and does not cause embarrassment to students or create stigma.

Encourage the pre-payment of meals for full-price and reduced-price meals, thereby ensuring that children receive a nutritionally adequate meal every school day. Perhaps even offer pre-payment discounts. This will help to reduce long and slow-moving lines in the cafeteria and virtually eliminate overt identification of low income children. Some district provide financial incentives or prize drawings to encourage pre-payment of meals.

Avoid the use of unappealing meals that serve as a strategy for inducing the child to pressure his or her parents to repay charges accrued to the meal program. Alternate meals with fruits and vegetables provide a healthy choice.

In our district, for the elementary level, as families approach the \$15.00 charge limit, we notify parents and ultimately the teacher who gives the student a "ticket" for a free peanut butter and jelly sandwich and milk. This eliminates having to take a tray away from a student in the lunch line. The middle school students can charge up to \$2.00. The high school students cannot charge. In these cases, I have instructed the cashiers to very kindly offer the peanut butter sandwich and Milk, but most students refuse it. Most of the time, the kids know of someone they can borrow lunch money from.

- School nutrition professional in Ohio

Repayment Policies

The district can develop a repayment policy at their discretion. The repayment policy should include reimbursement to the cafeteria fund for uncollected charges owed by the household. Similar to past due library fines, consider a policy that delays the students receiving his or her report card until repayment is complete.

Allowable Charges:

For districts that allow meal charges, the allowable charge amount is most frequently based on number of meals. The following table shows the number or amount of meal charges allowed before action is taken.

Allowable Meal Charges		
	Number of Meals	Dollar Amount
RANGE	1 to 10	\$4 to \$75
AVERAGE	3	
MEDIAN	3	

Ways of Notifying and Collecting Funds from Student/Parents:

Many trendSETTERS indicate that they first send home notices with students, followed by a letter and/or a phone call. However there are many variations on this process the following list describes some of the other ways school nutrition programs work to collect funds:

- Send out low balance notices prior to students needing to charge meals.
- Notify and/or work with principals, school counselors, and/or teachers to understand the student and parent's situation and if a free/reduced price application is needed.
- Use automated calling system to notify parents of negative balances.
- Use automated email alerts to notify parents of negative balances.
- Provide school-based incentives for keeping positive balances.

Handling Lost, Stolen, and/or Misused Meal Tickets/Meal Payments

Many districts have advanced beyond physical "mediums of exchange" and have implemented electronic point of sale systems to account for student meal eligibility, exchange for cash payments, and to track meal charges. There are many new forms of payment beyond "tickets."

Electronic point of sale systems can assist in eliminating issues associated with lost, stolen, and/or misused tickets/meal payments, as well as issues associated with alternate meals and overt identification.

The 1988 USDA policy for lost, stolen and misused meal tickets, FNS 765-7 Instruction, sets forth policy with respect to needy students who report lost or stolen meal tickets in schools and institutions that participate in the National School Lunch and Breakfast Programs. In this Instruction, the term "ticket" refers to any and all forms of exchange used in the schools' or institutions' food service meal payment collection systems, including daily, weekly, or monthly paper tickets, cards, coins, or tokens.

Any meal payment system that **limits** the number of tickets reissued **must** conform to the following standards:

1. Parents and students must be advised in writing of the school's policy regarding missing meal tickets and of the students' responsibility for their tickets. Such notice shall be provided at the time applications are distributed to households or upon approval for free or reduced-price benefits.
2. A minimum of **three** ticket replacements, or special meal arrangements resulting from three lost or stolen tickets, must be allowed to each student within each school year.
3. The school must maintain a list of students who have reported missing original ticket(s) in the current school year and the number of occurrences for each student. Prior to denying a meal to

any student without a ticket, the list should always be reviewed to determine if the student has already had at least three ticket replacements or special meal arrangements for lost or stolen tickets within that school year.

4. At least one advance **written** warning must be given to the full-price student and the parent(s) prior to refusing to allow additional meals or ticket replacements. The written warning must include an explanation that the student has repeatedly requested replacement tickets, and for each subsequent time the student fails to have a ticket, he/she will be expected to either bring breakfast or lunch or pay full price for a meal.
5. Meals must always be offered to preprimary (any child before entering the first grade) and young primary students or for any handicapped/disabled students, **who may be unable** to take full responsibility for a meal ticket.

Using the above criteria, school food authorities may develop the most administratively feasible system to handle missing tickets as determined by individual school circumstances and the frequency of ticket issuance. In cases of repeated ticket loss or misuse, school administrators may wish to contact an adult household member to arrange a meeting to discuss the problem.

The USDA recommends that the meal or ticket replacement policy for missing free and reduced-price tickets (or medium of exchange) be extended to the loss of full-price tickets. If districts do not implement such a uniform policy covering both needy and non-needy students, schools must exercise extreme caution to preclude the overt identification of needy students when reissuing free or reduced-price meal tickets or when making arrangements to provide meals to students whose tickets are missing.

We just had a big to do about this issue. Some time ago the school committee said no child will go hungry. School nutrition staff were to feed all. At the middle or so of last school year our director took the bill of over six thousand dollars of unpaid lunch bills to the school committee. After much discussion and lots of meetings a policy has been put in place.

Middle and High can charge one lunch once they have charged they must pay the bill as long as they have a zero balance they are allowed to charge again. Elementary school students can charge up to 10 dollars once they hit the 10 they can no longer charge until the bill is paid.

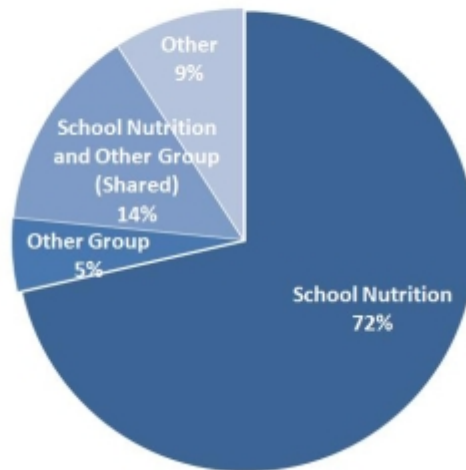
Letters were sent home a number of times to make the parents aware of the change. Things have become better and there is a lot less charging.
- Massachusetts school nutrition professional

Delinquent Accounts

Collection of Charges:

School nutrition programs are generally responsible for the collection of delinquent meal charges. However it is not uncommon for school nutrition programs to work with another group, usually the school principal, to collect on accounts.

Group Responsible for Delinquent Account Collections



Many of the trendSETTERS' schools have accounts set up by parent teacher organizations or school principals that provide funds either to allow students to not have to charge or that pay back delinquent accounts to the school nutrition program.

School principals are sometime involved in this process and take responsibility for determining allowable charges, delinquent account collection, and payment to the school nutrition program.

For accounts that have been unsuccessfully collected by the school nutrition program (or other school group responsible), trendSETTERS report doing the following at the end of the year:

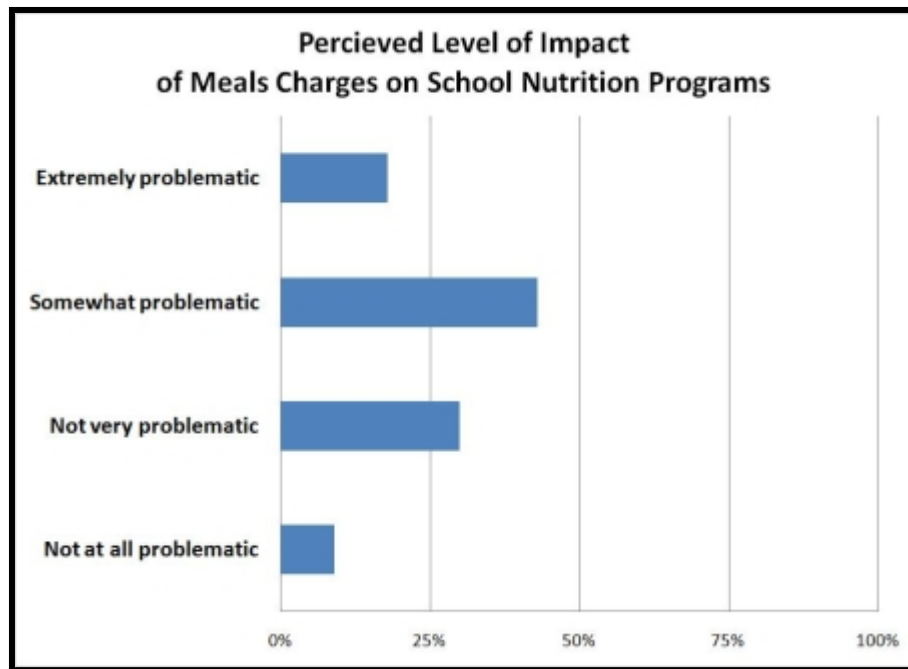
- 51% assume loss
- 31% withhold other school services until paid (i.e. report cards, extra curricular events, etc.)
- 29% rollover debt to following school year
- 8% bill/balance sent to school or principal
- 6% use a collection agency
- Other actions noted by trendsetters include: small claims court or filing civil complaints.

Impact of Automated Payment Systems on Meal Charges

54% of trendSETTERS indicate having an automated payment system in their program. Of those with these systems, almost half have experienced a positive impact of delinquent accounts.

Impact of Meal Charges on School Nutrition Programs

Meal charges are a problematic issue for over half of the trendSETTERS' programs.



We used to stop charging at \$10.00, and if a student was over on charges a peanut butter sandwich, fruit and milk was offered. Two years ago, we decided not to punish students for charges that their parents should pay. Our balance on charges has about doubled, but considering what it could be, it really isn't that bad. We're usually at about \$1200-\$1500 in charges. The incentive we have to encourage families to pay is that we do not allow students to purchase extra food items if they have any charges on their account. We do utilize an automated calling/emailing system that will call or email parents when their child has a negative balance. This has helped considerably as far as getting charges paid.

- Texas school nutrition director

Conclusion

There are no easy solutions to the problem of students going through the lunch but having no means to pay for the meal and yet not qualifying for a free meal. Charge policies, alternate meals, and funds set up by community and parent groups to cover the meal cost are all part of the solution, however every community will need to determine what works best for them.